



Credit Union National Association

cuna.org

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January 19, 2010

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Re: Docket No. R-1378 – Interim Final Rule on Implementation of the Helping  
Families Save Their Homes Act

Dear Ms. Johnson:

The Credit Union National Association (CUNA) appreciates the opportunity to submit comments to the Federal Reserve Board (Board) in response to the interim final rule that implements the Helping Families Save Their Homes Act (Act), specifically the provisions requiring that notice be given to consumers when their mortgage loans have been sold or transferred. Under the Act, purchasers and assignees that acquire a mortgage loan must provide the notice within 30 days after the loan is acquired, which provides information about the transfer. By way of background, CUNA is the largest credit union advocacy organization in this country, representing approximately 90% of our nation's 7,900 state and federal credit unions, which serve 93 million members.

Since the required notice would be provided by the purchaser or assignee of the loan, this will have limited applicability to credit unions, which ordinarily do not purchase loans. However, for credit unions that purchase loans through participation agreements or merge with other credit unions, the rule would apply. This rule would also apply to specific credit union service organizations (CUSOs) that purchase mortgage loans from credit unions.

In general, we do not object to the objectives of the provisions of the interim final rule, which is to provide notification to borrowers when their loans are sold. However, we believe consumers will have little interest in this information if the



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servicer does not change since the servicer is the party to whom the payments are made and serves as the main contact for the borrower.

Although we agree with the general intent of the rule, we urge the Board to review the applicability of this rule with regard to participation loans. The official staff commentary that accompanies the interim final rule states, "An investor that acquires mortgage-backed securities, pass-through certificates, or participation interests and does not directly acquire legal title in the underlying mortgage loans is not covered by this section." This language implies that purchasers of participation interests in loans would be subject to the requirements of this rule if legal title is transferred. In such a case, the interim final rule requires the purchasers to decide among themselves as to the party that would provide the notice to the consumer.

We urge the Board to expand the exception to participation loans in which legal title transfers for some portion, but not for the entire loan, especially when the servicer does not change. Participation transactions are complicated and not readily understood by borrowers, and borrowers will be confused when they receive a notice that details the various parties who have purchased portions of these loans. In our view, the confusion for borrowers outweighs the benefits this information provides. Again, the benefits of this information are marginal if the servicer does not change since the servicer is the party to whom the payments are made and serves as the main contact for the borrower.

Thank you for the opportunity to comment on the interim final rule that will implement the provisions of the Act that require notice to be given to consumers when their mortgage loans have been sold or transferred. If you have questions about our comments, please contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 638-5777.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff P. Bloch", with a stylized flourish at the end.

Jeffrey P. Bloch  
Senior Assistant General Counsel